

LAW OFFICES OF
J. GILBERT PARRISH, JR.
605 COURT STREET, SUITE 1
SAVANNAH, TENNESSEE 38372

J. GILBERT PARRISH, JR.
CARMA DENNIS MCGEE

99 DEC 27 PM 3 33 TELEPHONE (901) 925-1966
FACSIMILE (901) 925-1130

EXECUTIVE SECRETARY

RECEIVED
EXEC. SECRETARY OFF.

DEC 27 1999

TN REGULATORY AUTHORITY

December 16, 1999

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Re: Application of Antioch Water Company to
Increase Its Rates
Docket No. 99-00584

Dear Mr. Waddell:

I am enclosing herewith the response to TRA's request for supplementary information dated December 7, 1999, for the above-referenced matter. I have also enclosed thirteen copies of the same.

If you have any questions or if we can be of further assistance please do not hesitate to call.

Sincerely,



Carma Dennis McGee

CDM/rlb

Enclosures

FILE

ANTIOCH WATER COMPANY

1. Provide a Balance Sheet at December 31, 1998. A Balance Sheet was not included with the filing.

Please find attached.

2. Please explain the purpose of the escrow accounts 105 and 210 with respective balances of \$3,821 and (\$4,650) at December 31, 1998.

Escrow account 105 represents an interest bearing savings account with Commercial Bank. Monies received from customers for their initial deposits are placed in this account.

Escrow account 210 is the liability account for customer deposits. This account keeps track of the amount owed to customers for their initial deposits.

The \$829 difference is monies which have not been transferred from the regular checking account to the savings account.

3. Please explain what the receivables are in account 120 (Accounts Receivable - Ted Fields) and account 125 (Accounts Receivable - Other).

Account 120 (Accounts Receivable - Ted Fields) is a receivable for money which was loaned to Ted Fields, partner, by the Company and is to be paid back.

Account 125 (Accounts Receivable - Other) is a receivable from the party to whom land was sold on May 1, 1998. The land was sold on the installment basis and this account represents the amount that was still to be received.

4. Please provide a copy of the loan agreement for the Note Payable - Commercial Bank - Tractor (Account 205), showing the length of the loan, the interest rate and the monthly repayment schedule.

Please find a copy of the loan agreement attached. The agreement does not include a repayment schedule; however, payments are \$424.34 per month.

FILE

5. Why are there no expenses in 1997 and 1998 and none projected for 1999 for chemicals and water testing? Is the Company complying with all applicable regulations of the Department of Environment and Conservation with regard to water quality? Where are these expenses being recorded?

There were expenses in 1997 and 1998 for chemicals and water testing. The Company is complying with all applicable regulations with regard to water quality. The expenses were recorded in Account 475 (Professional Fees). The total amount of these expenses were \$220 in 1997 and \$485 in 1998.

6. Please provide the detail of the \$570 expense for 1998 for sub-let labor.

The \$570 expense for 1998 for sub-let labor was as follows:

<u>Date</u>	<u>Amount</u>	<u>To Whom</u>	<u>Description</u>
2/8/98	\$ 20	Justin Fields	Repair lines
4/26/98	300	D & E Construction	Repair lines
7/21/98	250	D & E Construction	Repair lines

	\$570		
	=====		

7. The Tennessee Public Service Commission issued the Company a Certificate of Convenience and Necessity. In its Order dated June 27, 1996, the Company was directed to keep its books and records in accordance with the Uniform System of Accounts for Class C Water Companies as required in Commission Rule 1220-4-1-.11(g). Why is Antioch Water not following the Uniform System of Accounts as directed?

Accountant was not aware that books were required to be in accordance with the Uniform System of Accounts for Class C Water Companies. Please provide specific, detailed information on the Uniform System of Accounts for Class C Water Companies so Company will be able to follow in the future.

JERRY C. BAILEY, CPA

CERTIFIED PUBLIC ACCOUNTANT

P.O. BOX 1410

PARIS, TN 38242-1410

901-642-3089

To the Partners
Antioch Water Company
Paris, Tennessee

I have compiled the accompanying statement of assets, liabilities and partners' equity - income tax basis of Antioch Water Company (A Partnership) as of December 31, 1998, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. This financial statement has been prepared on the accounting basis used by the Company for income tax purposes, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of the Partners. I have not audited or reviewed the accompanying statement of assets, liabilities and partners' equity - income tax basis and, accordingly, do not express an opinion or any other form of assurance on it.

The Partners have elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the income tax basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Company's assets, liabilities and partners' equity. Accordingly, this financial statement is not designed for those who are not informed about such matters.

Jerry C. Bailey, CPA

March 10, 1999

ANTIOCH WATER COMPANY
STATEMENT OF ASSETS, LIABILITIES AND PARTNERS' EQUITY - INCOME TAX BASIS
DECEMBER 31, 1998

ASSETS

CURRENT ASSETS

Cash in banks	\$	8,131	
Accounts receivable - partner		1,500	
Accounts receivable - installment sale		<u>1,372</u>	

TOTAL CURRENT ASSETS			11,003
-----------------------------	--	--	---------------

PLANT AND EQUIPMENT

Building	\$	8,000	
Equipment		77,641	
Office furniture and fixtures		107	
Vehicles		<u>18,736</u>	
		104,484	
Less allowances for depreciation		<u>61,662</u>	<u>42,822</u>
	\$		<u><u>53,825</u></u>

LIABILITIES AND PARTNERS' EQUITY

CURRENT LIABILITIES

Accounts payable - customer deposits	\$	4,650	
Sales taxes payable		469	
Note payable - Commercial Bank		<u>2,412</u>	

TOTAL CURRENT LIABILITIES			7,531
----------------------------------	--	--	--------------

PARTNERS' EQUITY

DRAWING	\$	(29,564)	
EQUITY		49,685	
CURRENT YEAR EARNINGS		<u>26,173</u>	<u>46,294</u>
	\$		<u><u>53,825</u></u>

See accountant's compilation report.

COMMERCIAL BANK & TRUST COMPANY
101 N POPP/AR/P C BOX 1000
PARIS TN 38242

LOAN NO.	6745796	ANTIOCH WATER COMPANY
DATE OF NOTE	7/25/96	P.O. BOX 1617
FINAL MATURITY DATE	7/25/96	PARIS TN 38242
PRINCIPAL AMT.	13,033.65	
RENEWAL OF		
LENDER		BORROWER'S NAME(S) AND ADDRESS

On or before the Final Maturity Date, for value received, the undersigned (sometimes called "You" or "Your"), jointly and severally promise to pay to the order of the LENDER named above, at its main office or any branch office, the Principal Amount shown above, together with interest, at the annual interest rate of 10.625 % beginning on the Date of Note and continuing until paid in full. Provided, however, that if this Note is not paid in full by the Final Maturity Date or upon Lender's acceleration due to default, you agree to pay interest on the unpaid balance at the highest rate allowed by law at that time or the rate stated herein, whichever is greater. Unless specified differently below, payments will be applied first to interest accrued on the unpaid Principal Amount to the date of payment, then to the scheduled reduction of the Principal Amount, and the excess, if any, to any unpaid late charges and then to reduce the Principal Amount. Interest will be accrued according to the ☐ 365/365 ☒ 360/360 ☐ 365/360 accrual method. You promise to pay as follows: 1 payment of \$13,379.86 due on JULY 25, 1996. You also agree to pay a loan charge in the amount of \$ (none if left blank).

Amount Financed The amount of credit provided to you by on your behalf. \$ 13,033.65	FINANCE CHARGE The dollar amount the credit will cost you. \$ 346.21	Total of Payments The amount you will have paid after you have made all payments as scheduled. \$ 13,379.86	ANNUAL PERCENTAGE RATE The cost of your credit as a yearly rate. 10.625 %
---	---	--	--

Number of Payments	Amount of Payments	When Payments Are Due
1	\$ 13,379.86	JULY 25, 1996

You are giving a security interest in:

☒ Your deposit accounts with us.

☒ Your real estate.

☒ Your personal property: TRACTOR, MOVER, BUSHING

☐ Other: 33.65

☐ Pay off your credit.

☐ Other: 15 days after you will be charged 5.00

☐ I agree to the following disclosure: I am not a party to this agreement and I am not assuming the remaining obligation on the original terms.

☐ I agree to the following disclosure: I am not a party to this agreement and I am not assuming the remaining obligation on the original terms.

☐ I agree to the following disclosure: I am not a party to this agreement and I am not assuming the remaining obligation on the original terms.

Insurance: Credit life insurance, credit accident and health insurance and involuntary unemployment insurance are not required to obtain credit, and will not be provided unless you sign and agree to pay the additional cost.

Type	Premium	Term	Signature(s)
Credit Life	\$		I want credit life insurance.
Credit Accident and Health	\$		I want credit accident and health insurance.
Involuntary Unemployment	\$		I want involuntary unemployment insurance.

You may obtain property insurance from anyone you want that is acceptable to us.

If this box is checked ☐, you must obtain Lender's Single Interest Insurance. You may obtain Lender's Single Interest Insurance from anyone you want that is acceptable to us. If you obtain it from us, you will pay \$ for the term of.

If this box is checked ☐, you must obtain Flood Insurance. You may obtain Flood Insurance from anyone you want that is acceptable to us.

SECURITY: In addition to any other security interest which Lender may have, the following apply if checked:

☐ This Note is secured by separate: ☐ Deed of Trust ☐ Assignment ☐ Security Agreement

☐ Other: of same date as this Note. If not same date, the date is

☐ Collateral:

☒ IF CHECKED THIS DOCUMENT IS ALSO A SECURITY AGREEMENT. The undersigned grants and pledges to the Lender a security interest in the following described property. ADDITIONAL TERMS AND CONDITIONS OF THE SECURITY AGREEMENT ARE ON THE REVERSE SIDE HEREOF. (Describe the property fully, include make, model, serial no., if any, etc.)

DEBTOR GRANT A PURCHASE MONEY SECURITY INTEREST IN A 1996 HONDA 13000 OF INDUSTRIAL TRACTOR SN# 13,6FT TAYLORWAY FINISH HONDA SN#1054170 AND A 6FT Taylorway Bushing SN# 1053683H and all accessories thereon.

☐ If checked, the property is affixed or is to be affixed to the following real estate, or is crops growing or to be grown on the following real estate (Describe real estate)

The use of the above property will be ☐ Personal ☒ Business ☐ Agricultural ☐ Other

Itemization of the Amount Financed

Paid to you directly and/or credited to your deposit account \$

Paid on your indebtedness to this Lender \$

Paid to others on your behalf:

To public officials \$ 33.65

For property insurance \$

ADDITIONAL TERMS AND CONDITIONS: THE TERMS AND CONDITIONS OF THIS NOTE (AND SECURITY AGREEMENT IF APPLICABLE) STATED ON THE REVERSE SIDE HEREOF ARE INCORPORATED BY REFERENCE HEREIN AND CONSTITUTE A PART OF THIS CONTRACT TO THE SAME EXTENT AS IF PRINTED IN FULL AT THIS POINT.